

## **Sheep and Lamb Leather Marketing**

**Location of Project:** Elkhart, Iowa (North Central Region)

**Purpose:** The primary goal of this project was to create a market for a currently unused commodity, sheep pelts, to enhance the profitability and economic viability of raising sheep. With sheep hides worth less than \$5.00 apiece on the market, farmers have typically paid to have them disposed, rather than taking the time to find buyers. The project was designed to expand the opportunity for marketing sheep pelts by processing the pelts into leather and developing business partnerships with local leather workers to manufacture finished leather products. A second goal was to enhance the income of local locker and leather processors and develop a working relationship that would be beneficial to all parties involved.

**Accomplishments:** The managers of the project operate a small, diversified grain and livestock farm in Central Iowa. They farm approximately 290 acres of row crops, with an additional 25 acres of hay and 75 acres of rented pasture.

In order to carry out the goals of the sheep pelt marketing project, the producers at Prairie Hill Barn attempted to:

1. Increase its ewe base from 225 to over 260 ewes
2. Sell more frozen lamb to local restaurants and farmers markets in the area
3. Process at least 200 leather hides for retail products,
4. Set up a web page
5. Hire local supporters to assist in sewing leather
6. Contract with area businesses to sew vests, belts, and purses
7. Sell most of the leather inventory at trade shows throughout the state

Steps one through six were all started and at least partially completed. Feed expenses for the flock were reduced, and sales of lamb as a retail product grew from 5 head in 1997 to more than 350 in 2001. The price received for the lamb from restaurant customers was quite steady. However, when it came to generating sales of leather goods, the project managers had little luck finding markets for their leather products. Few leather sales were made and no sales were generated from the web site, which was poorly advertised.

**Lessons Learned:** By cutting out the middleman, all of the financial and labor responsibilities were in the hands of the project organizers. Labor costs represented 84 percent of the finished leather goods, and as a result, were too expensive to produce at a competitive price.

**Conclusion:** This project proved to be more complicated than anticipated. While the lamb sales component of the project was successful, the experience of the project managers suggests that the direct marketing of finished leather products is not likely to be a profitable endeavor for small farm producers. Labor costs appear to be too expensive to allow producers to direct market finished leather goods at a competitive price.

As a general rule, the project managers believe that producers are much more likely to be successful in direct marketing ventures to the extent that they have taken extensive training in marketing promotion and/or business plan development, such as a NxLevel class. By having this educational background, they will be better equipped to evaluate the likelihood that a business venture will be successful.